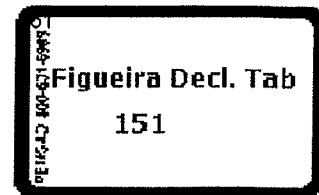


Redacted Pursuant to Protective Order
at Request of Defendants

To: "Eric Schmidt" [REDACTED]
From: "David Eun" <deun@google.com>
Cc: "chad@youtube.com" <chad@youtube.com>
Bcc:
Received Date: 2007-05-04 20:20:14 CST
Subject: Re: Premium revenue sources for Youtube



Eric,

We're in touch with Tim as he finalizes his re-org. We're also working on proposed YT structure to retain independence while leveraging Google MV and worldwide.

We are preparing an update for you and whomever else you deem appropriate. At Bill C's suggestion it will focus on "how we want to work with Google". One area we will definitely cover is monetization.

Preliminary analysis suggests that: users don't pay that much attention to what's in the chrome; as attractive as potential for display and other ads are for watch pages on YT, ads on search results can be significantly more lucrative (so arguing over rev shares of in-display or contextual ads with content owners is much ado about relatively little when compared to our 100% of search results).

More details to follow (we launched an ads trial and initiated a program to share revs with individual users this week).

Dave

=====

David Eun
212-565-8070

----- Original Message -----

From: Eric Schmidt [REDACTED]
To: Tim Armstrong
Cc: Chad Hurley; Salar Kamangar; David Eun; Jonathan Rosenberg; Susan Wojcicki
Sent: Fri May 04 09:48:55 2007
Subject: RE: Premium revenue sources for Youtube

Thanks. Looks to me that Youtube is a big opportunity for display ads and CPM ads and lots of other video ads sold through all the pods; we should also do this worldwide or in countries where we have youtube domains.

Thanks-eric

From: Tim Armstrong [mailto:tim@google.com]
Sent: Friday, May 04, 2007 3:37 AM
To: Eric Schmidt
Cc: [REDACTED] deun@google.com; [REDACTED]
Subject: Re: Premium revenue sources for Youtube

Eric -

We're making a large (verticalization type) re-organization by putting YT people into the PODS and adding significant amounts of video/display headcount.

Overall, in the US, we'll have sales functional to the top 500 biggest advertisers and agencies. We're also making management investments in setting up a Yahoo sized team of managers and marketing people to compete at scale.

Chad / David - I discussed this with David Eun last week, but the three of us should catch up if we need to. 151-0982
Suzie is coming back with a plan this week (hopefully today) - TA

On 5/4/07, Eric Schmidt [REDACTED] wrote:

I had a good meeting at Youtube with the deal teams today and also with Michael Wolf (formerly of MTV) yesterday.

Basically we have a premium partner revenue crisis either now or looming.

The ability to find and view (and therefore monetize) the licensed premium content is getting more difficult. I also believe with the incredible success we are having with YT user generated videos and the mobile stuff underway the problem is going to get worse.

There is a good GPM display ads business/click to play ads business opportunity due to the increased traffic on YT. Assuming that this is all true, investing in YT sales people is likely to be a very good expense.

I would like to see a holistic reexamination of the ads opportunities on youtube and the likely ways to promote premium traffic without affecting the user traffic success we are having.

Also, its important that we not pay big up front payments to premium partners until we really understand this.

I've also developed the view that the video ads that will work will be "in the chrome" type ads as opposed to pre and post roll video ads (I don't think people will wait to see the ads) but that display ads, click to play ads, and other "to get more information" type ads around the video should work very well.

I have sent you all the notes from my michael wolf meeting.

Thanks!! Eric
